MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard, Utah
May 24, 2017 – 7:55 PM

Present	**Absent**
Chair Randy Farnworth	
Boardmember Tyce Flake	
Boardmember Julie Fullmer	
Boardmember Dale Goodman	
Boardmember Nate Riley	

Staff Present: Planning Commission Chair Chris Judd, City Manager/Finance Director Jacob McHargue, Public Works Director/Engineer Don Overson, City Attorney David Church, Utah County Sheriff's Deputy Collin Gordon, Community Development Director Morgan Brim, City Recorder Pamela Spencer, Building Official George Reid, and Water/Sewer Operator Sullivan Love

Others Present: David Robertson with Lewis Young Robertson & Burningham, Randy Larsen with Gilmore & Bell, Craig Smith and Jeff Walker with Anderson Geneva

7:55 PM RDA BOARD MEETING

Chair Farnworth opened the meeting at 7:55 PM.

CONSENT AGENDA:
a) Approval of May 10, 2017 RDA Meeting Minutes

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FULLMER MOVED TO APPROVE THE CONSENT AGENDA. BOARDMEMBER GOODMAN SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

ITEMS REQUESTED FOR FUTURE AGENDAS
No new items were submitted.

The RDA Board agreed to move Item 3.3 to the beginning of the business items.

BUSINESS ITEMS:

3.3 DISCUSSION AND ACTION – Revenue Bonds, Series 2017 (Res U2017-01)
Consideration of a Resolution of the Board of Directors of the Vineyard Redevelopment Agency, Utah, authorizing the issuance and sale of not more than $35,600,000 aggregate principal amount of its tax increment revenue bonds, series 2017; and related matters. The Board will vote to approve (or deny) the bond resolution.

City Attorney David Church introduced Craig Smith and Jeff Walker with Anderson Development, Randy Larsen with Gilmore & Bell, and David Robertson with Lewis Young Robertson & Burningham.

Mr. Larsen explained how a bond resolution worked. He went over the parameters of the resolution which were:

- The initial aggregate principal amount of not to exceed $35,600,000
    - to finance or refinance all or a portion of any improvements or tax sharing agreements as permitted by the Geneva Urban Renewal Project Area Plan
    - fund a debt service reserve fund, if necessary
    - pay costs associated with the issuance of the Series 2017 Bonds
- The Series 2017 Bonds shall:
    - mature in not more than 31 years from date or date of issuance
    - be sold at a price not less than ninety-eight percent (98%) of the total principal amount
    - bear interest at a net effective rate of not to exceed 15 percent per annum, as shall be approved by the Designated Officers
    - all within the parameters set herein

Mr. Larsen mentioned that a notice of bonds would be issued in the newspaper. The collateral for the bonds would be all or any portion of the tax increment received by the project area. He said that there had been discussions about subordinating the bonds to the existing bonds.

Chair Farnworth asked if the parameters bond was to start the process to secure the bond. Mr. Larsen replied in the affirmative. He said that the notice in the newspaper would trigger the 30-day contestability period. He explained that it delegated the ability to the finance team to issue the bonds and that it did not mean that they would be issuing bonds.

Boardmember Riley asked for clarification on the dollar amount. Mr. McHargue explained that the amount was just above what they thought they could issue. He added that they already had a bid from Zions Bank.

David Robertson with Lewis Young Robertson & Burningham explained that about six months ago they started developing the cash flow model that would track what revenues were available to the RDA and what obligations the RDA had to repay. They contacted bidders and Zions Bank was the best option.

Mr. Church stated that it was important that the parameters resolution be written broadly. He said that they had previously indicated to Anderson Geneva that when funds became available they would participate to some extent with two of their projects. He said the board would be receiving proposals from Anderson Geneva to use a significant amount of these funds. He said that if they could come to an agreement with Anderson Geneva and US Steel that the funds were anticipated to be used for remediation. The resolution was written broadly enough that the funds could be used for other RDA projects.

Mr. Robertson mentioned that they needed to spend the bond proceeds within three years. Mr. Church stated that it was important that the projects they fund be ready to go.

Mr. Robertson said that with the interest rate there were ways of mitigating them. He asked if they wanted to address the 15 percent ceiling in the parameters. He pointed out that this did not have to be addressed now, but could be addressed at a future time. He added that they needed to close with Zions Bank by July 10. Mr. Larsen stated that if the 15 percent was too high they could agree to a minimum floor of 2 percent. The 15 percent left them open to flexibility and to give a soft approval.

Mr. Robertson explained that the bonds would go out for a period of time and be fixed for the first 10 years, just shy of 3 percent, which would enable the cash flow to move forward. Once the RDA had grown and matured the bonds could be restructured.

Mr. McHargue stated that the bid from Zions Bank was asking for a response within 15 days which was by June 3. Mr. Church said that if they pass the parameters resolution the way it was written then staff could respond and negotiate with Zions Bank.

Mr. Robertson mentioned that in the Zions Bank bid they would be excluding anything in Phase 3. He added that it would be good to have direction so they could respond to Zions Bank, who needed to know if they needed to hold the rate.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER RILEY MOVED THAT THE RDA BOARD APPROVE THE PARAMETERS RESOLUTION. BOARDMEMBER FLAKE SECONDED THE MOTION. ROLL CALL WENT AS FOLLOWS: CHAIR FARNWORTH, BOARDMEMBERS FLAKE, FULLMER, AND RILEY VOTED AYE. BOARDMEMBER GOODMAN VOTED NAY. MOTION CARRIED FOUR TO ONE.

3.1 DISCUSSION AND ACTION – <u>Pond and Pump Station Bid Award</u>

Public Works Director/Engineer Don Overson will present the bids for the Pressure Irrigation Pump Station. Recommendation that the bid be awarded to the lowest bidder, FX Construction. The RDA board will take appropriate action.

Chair Farnworth turned the time over to Public Works Director/Engineer Don Overson.

Mr. Overson explained that by using the pump station they could use irrigation water which would not cost the city any extra money. He said that he had five bidders and the lowest bidder was FX Construction at $1,347,596. He said that they did not have a budget for this project and that he was looking for a 10 percent contingency on top of the bid to make sure they had enough money to finish the project and not go over. He said that it was staff's recommendation that they accept the low bid from FX Construction with an additional 10 percent contingency for the project.

Chair Farnworth asked if they would be saving about $900,000 using the irrigation pump. Mr. Overson replied that it would save just over $1.3 million.

Councilmember Riley asked where it would be located. Mr. Overson replied that it would be located in the 6-acre park on Main Street between the Vineyard Loop Road and 400 North. Councilmember Riley asked if the pump would change the use of the park. Mr. Overson replied that it would not and explained how it would work. Chair Farnworth further explained how the pump would work.

Boardmember Goodman asked if the storm water would be going into the pond along with the irrigation water. Mr. Overson replied that they were trying to separate the storm water from the irrigation system because of state regulations.

Boardmember Goodman asked what the difference was if the water soaked into the ground from the detention basin or the park strips. Mr. Overson replied that the difference would be in how they handled the water. He said that storm water had become as big of a deal as a sewer plant. There was a discussion about the storm water and detention pond.

Boardmember Goodman asked if the pond would be used for anything recreational. Mr. Overson replied not at this time. There was a discussion about how the pond would work, and possible uses.

Mr. Overson mentioned that they would have the opportunity to do the same irrigation process in the Town Center area.

Boardmember Goodman asked what the maintenance costs would be. Mr. Overson estimated that it would cost about $100,000 a year. There was continued discussion about uses for the pond.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO ACCEPT THE BID AS NOTED WITH THE 10 PERCENT CONTINGENCY BY FX CONSTRUCTION. BOARDMEMBER GOODMAN SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

3.2 PUBLIC HEARING – <u>2017-2018 Fiscal Year Budget (Res U2017-)</u>

The RDA Board will hear public comment regarding the 2017-2018 Fiscal Year Budget. The board may vote to approve the RDA 2017-2018 Fiscal Year Budget by resolution.

Chair Farnworth turned the time over to City Manager/Finance Director Jacob McHargue.

Mr. McHargue reviewed the RDA budget. He explained where the phases were and when they would be triggered. Highlights of the report were:

RDA Revenues
- Property Taxes Increment $6,152,200
- RDA Admin Increment $323,800
- Bond Proceeds $30,000,000

RDA Expenses
- Salaries & Wages $179,700
- Employee Benefits $52,400
- Contracted Services $192,000
- Housing Funds $280,000
- TIFF Payment $1,253,100
- Bond Issuance Costs $100,000
- Bond Principal Payments $3,371,000
- Bond Interest Payments $1,516,900
- Capital Projects $28,700,000

Chair Farnworth called for a motion to open the public hearing.

Motion: BOARDMEMBER FLAKE MOVED TO OPEN THE PUBLIC HEARING AT 8:30 PM. BOARDMEMBER RILEY SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

Chair Farnworth called for public comment.

Resident Chris Judd living in the Sleepy Ridge subdivision asked if the $28 million in the Capital Projects fund were strictly allocated. Mr. McHargue replied that of the $30 million, some needed to be held in reserve and some needed to be used for the issuance cost of the bonds. The balance was for capital projects. Mr. Judd asked if the interest payments included the new bond and what the breakdown was. Mr. McHargue replied that the breakdown was, $737,000 was for the current bonds and $779,000 was for the future bonds. The current bonds were both fixed interest rates. Chair Farnworth explained that the projects still needed to be approved. Mr. McHargue explained that the interest rates reset for the future bond would be in ten years.

Boardmember Riley asked about the project revenue and if they had triggered any new tax increment. Mr. McHargue replied that they had triggered Phase 3, which was most of the WatersEdge development. He added that 75 percent of the tax increment would go directly to WatersEdge and 25 percent would be for general RDA use. The interest rate was 7.5 percent fixed. He added that if the loan could not be repaid in full, with tax increment, at the end of the contract it expired and the city did not have to repay it.

Chair Farnworth called for further comments. Hearing none, he called for a motion to close the public hearing.

Motion: BOARDMEMBER FULLMER MOVED TO CLOSE THE PUBLIC HEARING AT 8:44 PM. BOARDMEMEBER RILEY SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

Chair Farnworth called for a motion.

Motion: BOARDMEMBER FULLMER MOVED TO CONTINUE ITEM 3.2 TO THE JUNE 14 MEETING. BOARDMEMBER FLAKE SECONDED THE MOTION. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

Chair Farnworth called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE RDA MEETING AT 8:46 PM. ALL WERE IN FAVOR. MOTION CARRIED UNANIMOUSLY.

The next meeting is scheduled for June 14, 2017.

MINUTES APPROVED ON: June 14, 2017

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA SPENCER, CITY RECORDER